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ABSTRACT

This analysis of the retirement plans of college and university faculty and staff used data from the 1993 National Study of Postsecondary Faculty. It first determined the proportion of faculty who are age 55 or older by institutional type, discipline, gender, and minority/nonminority status and then analyzed their retirement plans using the same variables. The study found that 26 percent of the full-time faculty and 21 percent of the part-time faculty were 55 or over and that the fields with the largest proportions of older faculty were engineering, humanities, education, and agriculture/home economics. However, a relatively small proportion of faculty (about 7 percent) indicated they were very likely to retire within 3 years though the vast majority plan to retire before age 70. Female faculty and faculty in public institutions of higher education generally planned to retire somewhat earlier than male faculty and faculty in private institutions. Overall job satisfaction did not appear to be related to retirement plans though faculty planning to retire within 3 years were more likely to express job dissatisfaction. The data suggest that a large segment of faculty may be receptive to early retirement incentives and concludes that faculty retirement patterns are unlikely to change dramatically in spite of the abolition of mandatory retirement. Findings are detailed in narrative and figures. (DB)

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Update

Retirement Plans of Instructional Faculty and Staff

Introduction

During the past decade there has been increasing speculation about the age at which faculty members will retire. This interest has been motivated by a number of factors including (1) the increasing proportion of faculty who are age 55 and older and (2) the passage in 1986 of the amendments to the Age Discrimination in Employment Act which abolished the mandatory retirement age. Questions have arisen in recent years about what the retirement plans of faculty will be in the absence of a mandatory retirement age.

This analysis of plans for retirement of instructional faculty and staff (hereafter faculty) is based on data from the 1993 National Study of Postsecondary Faculty (NSOPF). Instructional faculty and staff in this report refers to individuals on college and university campuses who have been designated as faculty by their institution and who taught at least one course for credit in Fall 1992. To produce this analysis of the retirement plans of faculty, we first determined the proportion who are age 55 or older by institutional type, discipline, gender, and minority/nonminority status and then analyzed their retirement plans utilizing the same variables.

Age Characteristics

In the Fall Semester of 1992 there were 477,008 full-time instructional faculty and staff and 240,325 part-time instructional faculty and staff who met the criterion for inclusion in our analysis.

In order to place decisions about possible retirement plans in perspective, we analyzed those *full-time* faculty who were age 55 or older. Age 55 was chosen as a criterion for the analysis because it is the minimum retirement eligibility age for many state defined benefit plans, and because it is ten years in advance of the "normal" retirement age under Social Security. In 1992 twenty-six percent of the faculty were age 55 or older. Thirty percent of the male faculty were age 55 or older, as compared to 17 percent of the female faculty.

The distribution of faculty age 55 or older varies by institutional type (Figure 1). Private comprehensive, private research, and institutions in the "other" category had the highest proportions of faculty age 55 or older at 29, 28, and 28 percent respectively. Public two-year, private doctoral, and public doctoral had the lowest proportion at 24 percent each.

Important differences in the proportion of faculty age 55 and older exist by program area (Figure 2). Thirty-one percent of engineering, 30 percent of humanities, 29 percent of education, and 28 percent of agriculture/home economics faculty were age 55 or older. In comparison, 26 percent or less of faculty in the remaining program fields were 55 or above.

Twenty-six percent of nonminority faculty were 55 or older compared to 23 percent of minority faculty.

Retirement Plans

Slightly over 7 percent of the full-time faculty indicated they were "very likely" to retire in three years. Male faculty were more likely (8 percent) to be ready to take such action than were female faculty (5 percent).

The likelihood of faculty retiring within three years varied slightly by type of institution. The range is from a high of more than 9 percent at public two-year colleges to a low of 4 percent at private doctoral institutions (Figure 1).

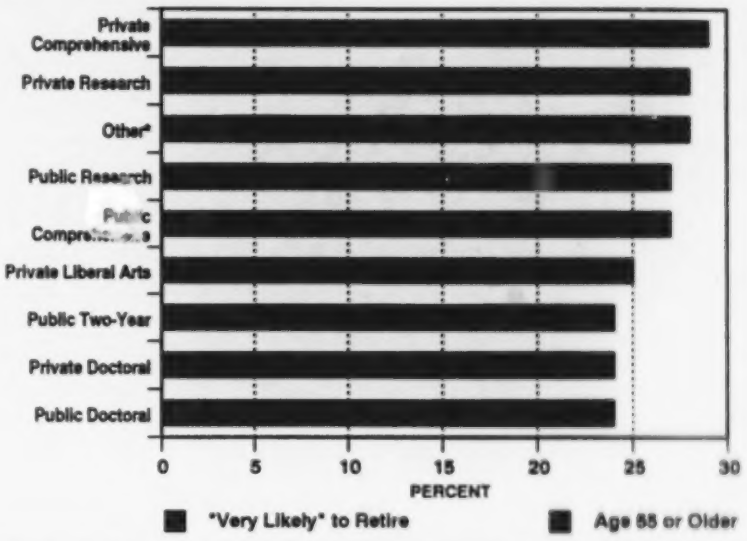
The likelihood of retiring within three years was very much related to current age (Figure 3). Of particular interest in assessing the potential impact of the abolition of the mandatory retirement age are the data shown for the age categories of 65-69, 70, and over 70. Approximately 49 percent of faculty in the 65-69 age range indicated they were very likely to retire in three years, while 75 percent of those at age 70 expressed the same opinion. In contrast, only 33 percent of faculty over 70 indicated they were very likely to retire within three years.

Anticipated Age of Retirement

Retirement from paid employment between the ages of 65 and 69 (Figure 4) was anticipated by slightly in excess of 27 percent of full-time faculty, while an additional 17 percent anticipated retirement at age 70. Between 8 and 9 percent plan to retire after age 70. Slightly in excess of 29 percent did not know when they

Figure 1

PERCENT OF FULL-TIME INSTRUCTIONAL FACULTY AGE 55 OR OLDER AND PERCENT OF FACULTY "VERY LIKELY" TO RETIRE IN THREE YEARS, BY TYPE OF INSTITUTION

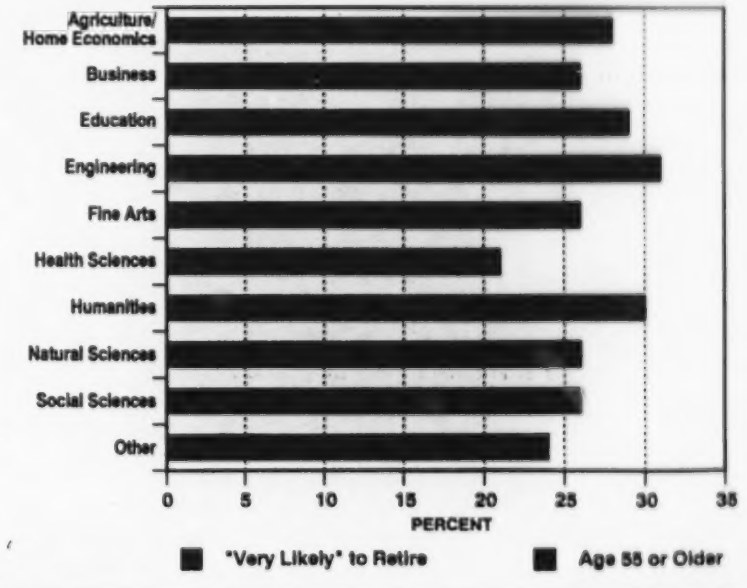


*Public Liberal Arts, Private Two-Year, Religious and Other Specialized Institutions, Except Medical

Source: 1993 NSOPF

Figure 2

PERCENT OF FULL-TIME INSTRUCTIONAL FACULTY AGE 55 OR OLDER AND PERCENT OF FACULTY "VERY LIKELY" TO RETIRE IN THREE YEARS, BY PROGRAM AREA



Source: 1993 NSOPF

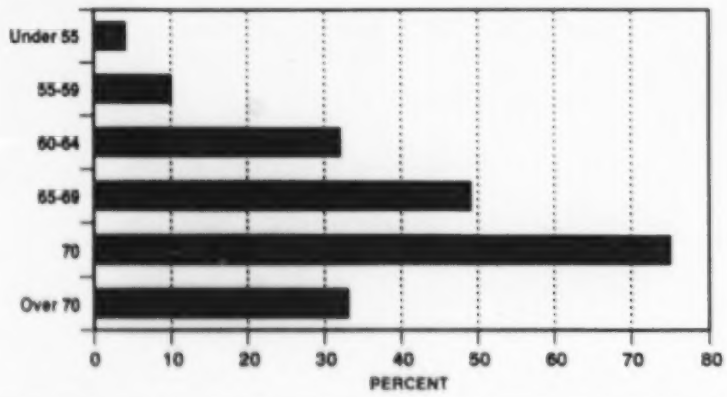
would cease paid employment. When the figures are analyzed by gender, a larger proportion of female faculty (21 percent) than males (16 percent) plan to retire before age 65, and a larger proportion of female faculty (34 percent) than male faculty (27 percent) were unsure of when they would retire. A considerably larger percentage of males (29 percent) than females (19 percent) planned to work to age 70 or beyond.

Full-time faculty at private institutions expected to retire at later ages than did their colleagues at similar types of public institutions (Figure 5). Approximately 36 percent of faculty at private research institutions planned to retire at age 70 or older, including 13 percent expecting to retire after age 70. This compares with 31 and 10 percent respectively for comparable retirement age categories of faculty in public research universities. Similar differences exist between the public and private sectors for faculty at the doctoral and comprehensive institutions. Public two-year institutions differ from all other types on the basis of the larger percentage (29 percent) of their faculty expecting to retire prior to age 65. The larger proportion of faculty at private research and private doctoral universities expecting to retire after age 70 reflects an interesting difference between those types of institutions and the other types of public and private institutions.

Just as there are differences among faculty in expected retirement age when analyzed by type of institution, there are also differences when faculty are classified by their program area (Figure 6). Engineering faculty, earlier identified as the program area with the largest percentage of faculty age 55 or older (31 percent), is also the discipline with the largest proportion of faculty expecting to retire at age 70 or older (31 percent). Conversely, education, which also had a large proportion of faculty age 55 or older (29 percent) had less than 20 percent planning to retire at age 70 or older. Indeed, among the various fields, education had the largest proportion expecting to retire prior to age 65 (24 percent). Across all program areas except Fine Arts (40 percent), approximately 23 to 31 percent of faculty were undecided about the age at which they expect to retire.

Figure 3

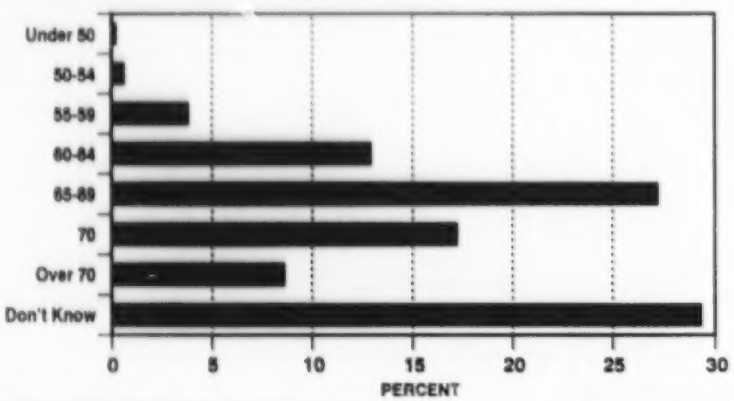
PERCENT OF FULL-TIME INSTRUCTIONAL FACULTY "VERY LIKELY" TO RETIRE IN THE NEXT THREE YEARS, BY CURRENT AGE



Source: 1993 NSOPF

Figure 4

AGE OF EXPECTED RETIREMENT FROM PAID EMPLOYMENT BY FULL-TIME FACULTY

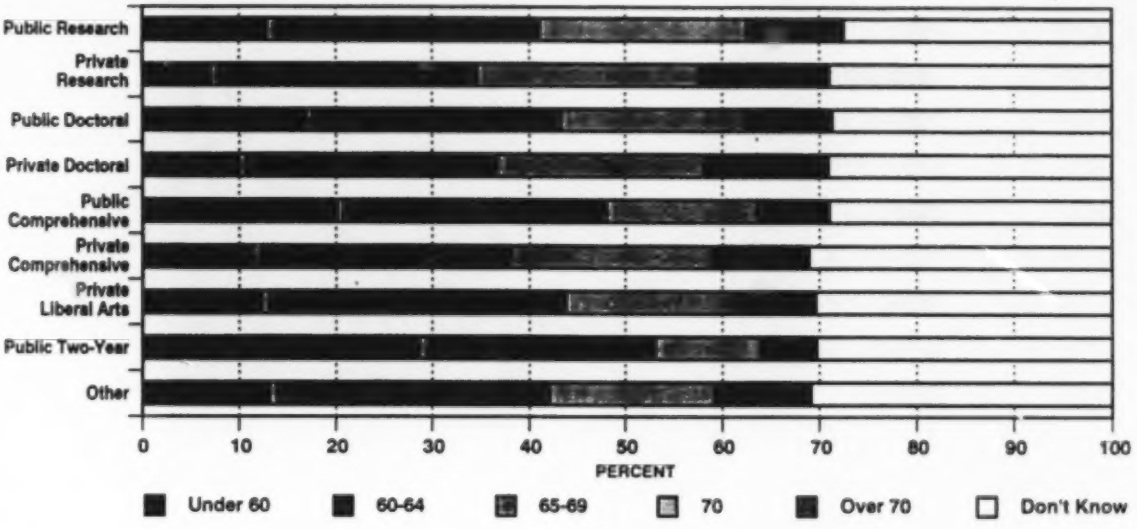


Source: 1993 NSOPF

Many full-time faculty draw a distinction between when they will cease working at a post-secondary institution and when they will retire from paid employment. For example, approximately 28 percent indicated they expect to stop working on a college campus by age 65, but only between 17 and 18 percent expect to retire from paid employment by that

Figure 5

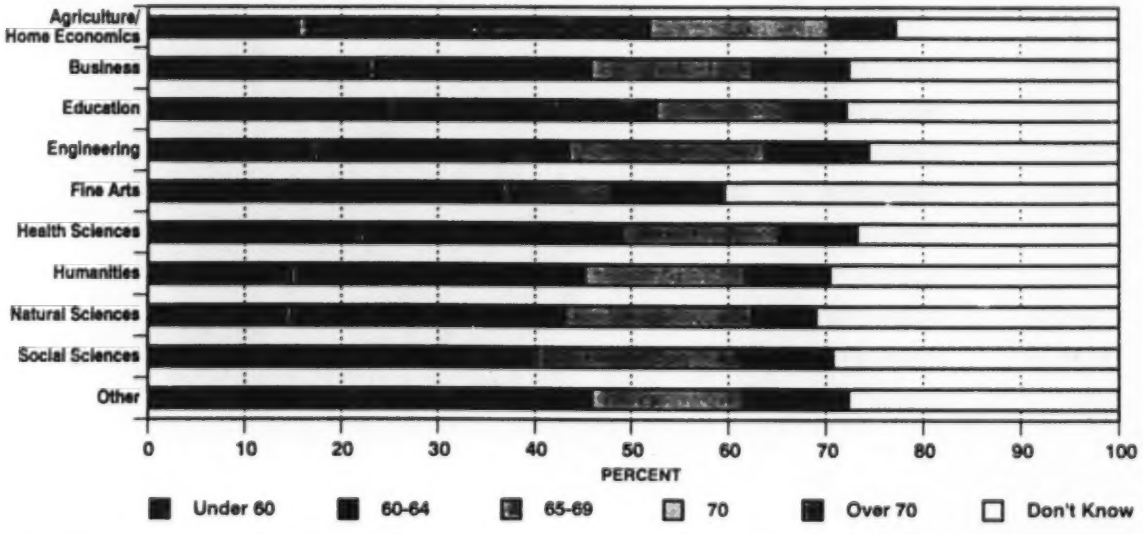
AGE OF EXPECTED RETIREMENT FROM PAID EMPLOYMENT FOR FULL-TIME FACULTY, BY TYPE AND CONTROL OF INSTITUTION



Source: 1993 NSOPF

Figure 6

AGE OF EXPECTED RETIREMENT FROM PAID EMPLOYMENT FOR FULL-TIME FACULTY, BY PROGRAM AREA



Source: 1993 NSOPF

age. Whereas about 26 percent of full-time faculty expect to retire at age 70 or older, only 17 percent expect to stop working on campus at those ages.

Job Satisfaction and Retirement Plans

The relationship between faculty job satisfaction and retirement plans appears to be complex. Of the faculty who indicated they were "very likely" to retire within three years, only about 15 percent indicated they were dissatisfied with their job overall. Among those likely to retire within three years, however, dissatisfaction with certain aspects of their professional positions did emerge. Substantial percentages indicated they were dissatisfied with their salary (38 percent), workload (25 percent), time to keep up in their field (43 percent), and opportunity for advancement in rank at their institution (29 percent). These findings suggest that such potential sources of dissatisfaction could adversely affect faculty morale or provoke the premature loss of valuable faculty resources in response to incentive retirement plans.

Incentive Retirement Plans

Nearly 40 percent of institutions of higher education offered some type of incentive retirement plan to faculty in the early 1990s. Such plans were especially prevalent among research and doctoral universities. Faculty willingness to participate in an early retirement plan varied significantly by type and control of institution. Approximately 28 percent of faculty indicated a willingness to consider participation in such a plan if offered, 37 percent expressed no interest, and 35 percent were not sure. A larger proportion of faculty at public institutions indicated they were receptive to such plans than did their colleagues at similar types of private institutions, with faculty at public two-year colleges expressing the highest level of interest (35 percent) in early retirement.

The highest level of interest in early retirement options among faculty by age category was from those in the 60 to 64 range. Nearly 36 percent in that age category expressed interest in an early retirement option, if offered. Nearly one-third of faculty in the age range of 55-59 also expressed an interest in such retirement options. There was little difference in interest in early retirement options between men and women faculty, but a greater proportion of minorities expressed interest than did nonminorities.

A retirement option that was very attractive to faculty was the opportunity to draw retirement income and continue to work at their institution on a part-time basis. In excess of 46 percent of all faculty indicated that this would be an option they would elect to pursue. Interest in this option varied from a low of about 41 percent at public comprehensive institutions to a high of nearly 51 percent of faculty at public two-year institutions. More than half of the faculty from agriculture/home economics, business, education, and engineering indicated an interest in electing this option. Males (48 percent) were more prone than females (43 percent) to elect such an option. Minorities expressed more interest in the option of drawing retirement income and continued part-time work at their institution than did nonminorities.

Summary and Conclusion

As of 1992, a substantial proportion of the professoriate was at or nearing retirement age. Twenty-six percent of the full-time faculty and 21 percent of the part-time faculty were age 55 or older. More male faculty than female faculty and more majority than minority faculty were near retirement age. The fields with the largest proportions of faculty 55 or older were engineering, humanities, education, and agriculture/home economics.

No massive wave of retirements seems to be about to take place. A relatively small proportion of faculty (about 7 percent) indicated they were very likely to retire within three years. However, in spite of the abolition of a mandatory retirement age, the vast majority of faculty plan to retire before age 70. Only between 8 and 9 percent of faculty plan to retire after age 70.

Interesting differences in faculty retirement plans did emerge from the data. More female than male faculty plan to retire before age 65 and more male than female faculty plan to

work to age 70 or beyond. In general, faculty in public higher education institutions plan to retire earlier than their counterparts in private institutions. Community colleges had the largest group of faculty with nearly 28 percent indicating they would retire prior to age 65.

A fair amount of uncertainty about retirement exists within a large segment of faculty. Over 29 percent could not say when they would cease paid employment.

The relationship between the retirement plans of faculty and their job satisfaction is unclear. Overall satisfaction seems unrelated to retirement plans. In contrast, among faculty indicating they planned to retire within three years, substantial percentages expressed dissatisfaction with such specific job factors such as salary, time to keep up in their field, and opportunities for advancement.

The data suggest that a large segment of faculty may be receptive to early retirement incentives. Twenty-eight percent expressed interest in early retirement opportunities. Another 35 percent were not sure of their interest in early retirement opportunities but did not rule them out. Faculty in public institutions expressed the greatest interest in early retirement incentives. Not surprisingly, interest in early retirement was highest among faculty in the 60 to 64 and 55-59 age ranges. An early/phased retirement option which includes the opportunity to continue teaching at one's institution on a part-time basis received favorable reaction from 46 percent of the faculty respondents. Male and minority faculty expressed more interest in this option than did others.

In sum, data from the NSOPF-93 suggest that faculty retirement patterns are unlikely to change dramatically in spite of the abolition of mandatory retirement. The level of openness to early retirement incentive programs suggests that institutions may be able to employ such programs to increase their staffing flexibility. Noteworthy differences in expected retirement patterns by gender, ethnicity, type of institution, and disciplinary field, however, deserve the attention of institutional leaders, department chairs, and public policy makers. Although general faculty retirement patterns do not appear to be changing dramatically, exceptions to this trend may occur for particular groups.

An area for further study is the relationship between a faculty member's plans for retirement and the type of retirement plan an institution offers. Is a faculty member with a defined benefit plan more likely to consider early retirement than one with a defined contribution plan and the economic uncertainty such a plan might generate? At what level of savings is a faculty member confident that retirement is economically feasible? The large percentage of faculty who indicated they did not know when they planned to retire (29 percent) might reflect concerns about retirement security.

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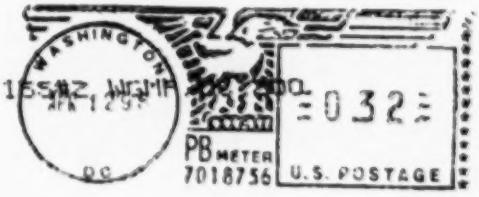

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